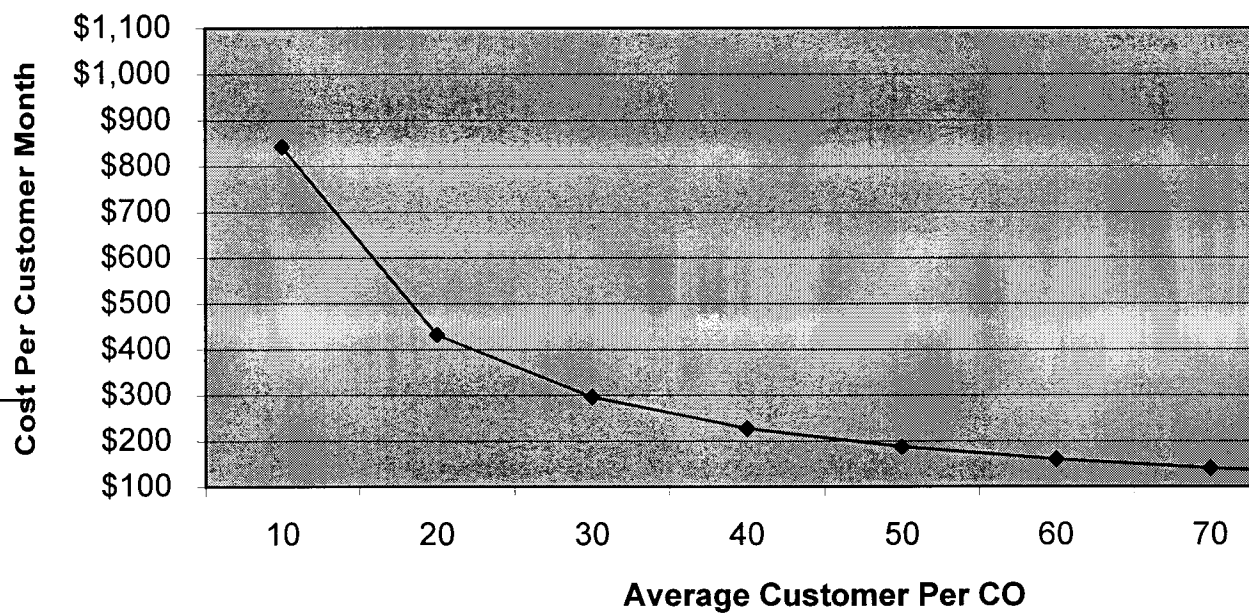


APPENDIX A

Analysis Of The Local Network Costs Involved In Offering
xDSL Packet Switched Services To End Users

XDSL UNIT COST AT LOW UTILIZATION OF CO



	10	20	30	40	50	60	70
Collocation Fee	\$ 39.85	\$ 19.93	\$ 13.28	\$ 9.96	\$ 7.97	\$ 6.64	\$ 5.69
Basic Build	75.55	37.77	25.18	18.89	15.11	12.59	10.79
Rent	169.00	84.50	56.33	42.25	33.80	28.17	24.14
Power	87.12	43.56	29.04	21.78	17.42	14.52	12.45
Transport	351.10	175.55	117.03	87.78	70.22	58.52	50.16
DSLAM / Cards / Main	34.75	18.70	13.56	11.05	9.54	8.53	7.82
Loop	19.58	19.58	19.58	19.58	19.58	19.58	19.58
Capital Charge	64.76	32.38	21.83	16.62	13.47	11.39	9.91
	\$ 841.72	\$ 431.97	\$ 295.85	\$ 227.91	\$ 187.12	\$ 159.95	\$ 140.54

NOTES:

- 1) The above analysis shows that Sprint must have approximately 250 customers in a central office to justify building.
- 2) Only includes network costs, does not include sales, marketing and other ongoing operations costs.
- 3) Assumes ILEC charges the same collocation NRC's, rent, power and transport regardless of the number of lines.
- 4) Current estimates are that 50% of households and businesses serviced by a CO can also be serviced by a high speed data product. The lower percentage is due to technical restrictions such as loop length and bandwidth.

TRANSPORT

Customers per DS3	571
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Cost per DS3 (MRC)	
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2000	\$	3,511
2001	\$	2,860
2002	\$	2,784
2003	\$	2,691
2004	\$	2,610

CENTRAL OFFICE

NRC for space (paid to ILEC)	\$	50,825
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Initial build out	\$	50,162
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Rent (MRC)	\$	1,690
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Power		
Cost per amp.(MRC)	\$	9.90
Amps for initial build		48
Amps per DSLAM		40

DSLAM

Cost per shelf	\$	7,260
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Number of customers per shelf	334
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Equip. main. (% of cost)	6%
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CARDS

Sparing rate	6%
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Installation cost per line	\$	10
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Cost per customer (port)	\$	131
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LOCAL LOOP

Set up	\$	95
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MRC	\$	18
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APPENDIX B

Exhibit 2 – Local Service Spending and Number of Lines Across Employee Size

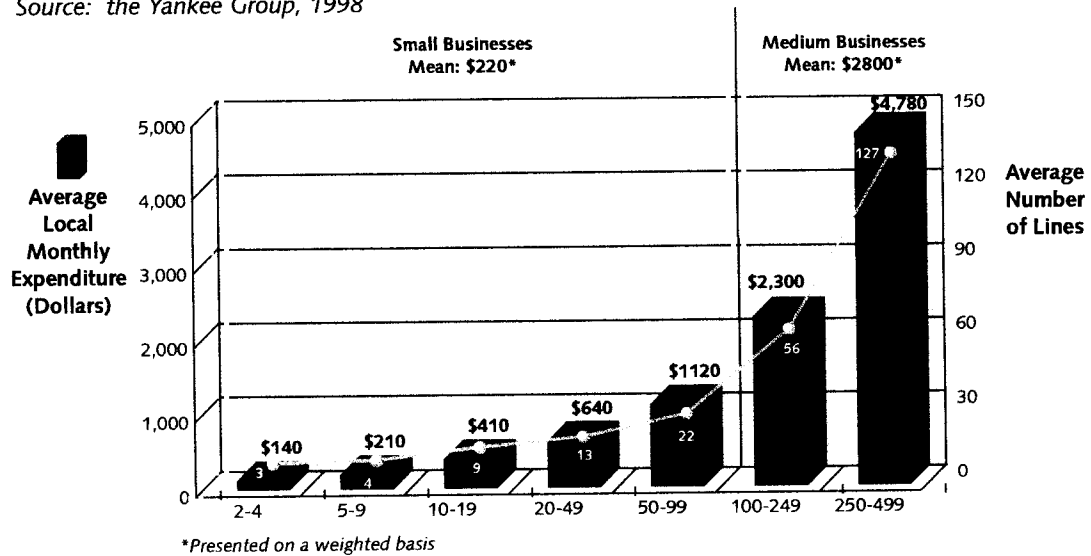
Source: the Yankee Group, November 1998

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Exhibit 2

Local Service Spending and Number of Lines Across Employee Size

Source: the Yankee Group, 1998



	2-4	5-9	10-19	20-49	50-99	100-249	250-499
Average Number of Lines	3	4	9	13	22	56	127